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May 24, 2001

VIA HAND DELIVERY

Ms. Magalie Roman Salas, Secretary
Federal Communications Commission
The Portals
445 Twelfth Street, S.W.
Washington, DC 20554

Re: Notice of Ex Parte Presentation, CC Docket No. 00-203

Dear Ms. Salas:

On May 23, 2001, copies of the attached letter were sent to Chairman Michael K. Powell, Commissioner Gloria Tristani, and Commissioner Harold W. Furchtgott-Roth. Please include this letter in the record of the above-referenced proceeding.

In accordance with section 1.1206 of the Commission's rules, two copies of this letter are being filed with your office.

Sincerely,

Jonathan D. Blake /DK

Jonathan D. Blake

Attorney for ***OnSat Network Communications, Inc.***

Attachment

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MAY 24 2001

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

OnSat
Network Communications

May 23, 2001

VIA HAND DELIVERY

Chairman Michael Pence
Subcommittee on Regulatory Reform and Oversight
Committee on Small Business
U.S. House of Representatives
2361 Rayburn House Office Building
Washington, DC 20515

Chairman John Thune
Subcommittee on Rural Enterprises, Agriculture, and Technology
Committee on Small Business
U.S. House of Representatives
2361 Rayburn House Office Building
Washington, DC 20515

Re: Eliminating the Digital Divide — Who Will Wire Rural America?

Dear Chairman Pence and Chairman Thune:

This letter is for the record of the hearing titled "Eliminating the Digital Divide — Who Will Wire Rural America?" to be held on Thursday, May 24, 2001. I thank you for organizing this hearing to investigate this extremely important issue.

The good news is that there are answers to the question: "Who will wire rural America?" OnSat Network Communications, Inc. ("OnSat") was established in 1998 to provide satellite based, cost-effective, bi-directional, high-speed Internet access, telephone, live video conferencing and other broadband services to remote rural areas. OnSat (http://www.onsatnet.com/) is currently providing proven, self-sustainable satellite based systems that allow rural America the ability to take advantage of the many opportunities digital connectivity provides, including Internet, telephony and video based distance education and healthcare services. I would like to suggest that the question in the title of this hearing is, therefore, not quite accurate because the answer may not rely on wire exclusively or primarily. It may rely on satellite based wireless technology such as OnSat's as well.

OnSat created the Digital Equity Network® to take advantage of both satellite and other wireless local loop technologies together with its sophisticated and proprietary bandwidth management and intelligent caching to provide customized solutions to rural markets. What sets the Digital Equity Network® apart from "wired" solutions is that to

2749 E. Parley's Way Salt Lake City, Utah 84109 801-466-1688

connect to our nationwide network, customers will never have to lay a single cable or dig a single ditch. If access to power is a problem, OnSat installs a point-of-presence powered exclusively by solar power.

Not surprisingly, OnSat has become a recognized leader in helping to bridge the digital divide. OnSat currently delivers broadband service to Navajo land in Arizona. In Red Mesa, Arizona OnSat currently provides high speed Internet service to many students and residents on a Navajo reservation there. According to Karen Lesher, the Director of Federal Programs in the Center for Program Planning and Implementation for the Red Mesa School District, "the increased speed from the OnSat system makes an incredible difference in student access to information through technology." The Navajo reservation's previous wire-based system required 2 hours 15 minutes to transfer a special data file over the telephone connection to the Internet; with the new OnSat system they now transfer the same file in less than 8 minutes. OnSat is now in the process of installing over 100 such sites in the Navajo Nation in a project funded by the Bill and Melinda Gates Foundation, but has had to use the less reliable Ku-Band because of the outstanding FCC issues discussed below.

In rural Wyoming, at the request of US West, OnSat undertook to bring the Internet and telephony (other than ancient radio telephones) to several communities, one of which was a six hour drive down a dirt road from the nearest (copper) phone lines and, which, if provisioned by US West, would have cost more than $4 million and taken in excess of six months to install. One such town had a total population of less than fifty and a K-12 one-room school serving just eight students. OnSat delivered higher-speed Internet to that school and its surrounding community than can be found in almost any public or private school in the most affluent and fiber-provisioned regions of America.

OnSat has also been active outside the United States in remote regions in which the problems of lack of Internet access mirror the problems faced by many in rural America. OnSat has been active in bringing high-speed Internet access to villages in Honduras through its Solar.net Village® program. Most of these villages are not even connected by road, and the introduction of high-speed Internet access has made an immeasurable impact on the educational opportunities and the quality of life available to their residents. If we can accomplish this in remote Honduras, we can do even better in rural America, with your help.

One of the areas the hearing seeks to explore is the technologies available for delivering broadband services to rural areas. It is OnSat's experience that satellite technology is particularly well suited for this purpose. In comparison with terrestrial systems, satellite networks can be deployed more rapidly and more easily — particularly in areas with rough terrain or remote rural areas where facilities are too widely dispersed to lay cable or string wires. OnSat operates using a network of technically identical antennas that communicate with a hub antenna via satellite. This "hub and spoke" configuration makes these systems less expensive to operate relative to other satellite or terrestrial systems. In addition, OnSat has made innovative use of spectrum by using the C-Band of frequencies instead of the more commonly used Ku-Band. Even though terrestrial and satellite users share C-Band frequencies, OnSat decided to operate in the

C-Band because networks that operate using these frequencies have significant technical and cost advantages. While antennas that operate using C-Band frequencies must be coordinated with C-Band terrestrial antennas in order to avoid interference, OnSat has not run into significant problems because its antennas tend to be located in remote rural areas with few, if any, other potentially interfering antennas.

Another issue the hearing intends to explore is the barriers to further deployment of broadband services in rural America. Here's where we need your help. The present FCC licensing process for networks like OnSat's is extremely time-consuming, burdensome and expensive. Almost two years ago, in September 1999, OnSat petitioned the FCC to change its rules to allow streamlined licensing of C-Band "hub and spoke" networks. The FCC responded by issuing a Notice of Proposed Rulemaking — a proceeding that is still ongoing. However, the streamlined licensing rules that the FCC has proposed, with a few minor changes, should go a long way toward ensuring that companies like OnSat can rapidly and efficiently deploy broadband networks in rural areas. Adapting the FCC's Rules to accommodate these innovative uses of C-band spectrum has not been an easy or quickly accomplished task. But the Commission is apparently nearing a decision on the rulemaking — none too soon for OnSat which has been seriously delayed and handicapped by the needless rigidity of the existing rules as applied to OnSat's pioneering services and operations. But the Commission has sought to accommodate us both in the rulemaking and in the very difficult interim period when OnSat sought ad hoc fixes to the problems posed by an inhospitable regulatory regime for the C-band frequencies. We hope this Committee will urge prompt and favorable resolution of the rulemaking (Docket No. 00-203) and recognize that the FCC has sought to make its rules more accommodating of OnSat's pioneering rural service.

For more information, please visit our web site at http://www.onsatnet.com/.

Sincerely,

David Stephens
Chairman, Co-Founder
OnSat Network
Communications, Inc.

cc: Rep. Robert Brady
Rep. Tom Udall
Rep. W. J. Tauzin
Rep. Fred Upton

Rep. John D. Dingell
Rep. Edward J. Markey
Sen. John McCain
Sen. Ernest Hollings
Sen. Conrad Burns
Sen. Robert Bennett
Sen. Jeff Bingaman
Sen. Pete Domenici
Sen. Orrin Hatch
Sen. Jon Kyl
FCC Chairman Michael K. Powell
FCC Commissioner Gloria Tristani
FCC Commissioner Harold W. Furchtgott-Roth
FCC Docket No. 00-203